



**STATIONERY &
OFFICE SUPPLIES
LTD.**

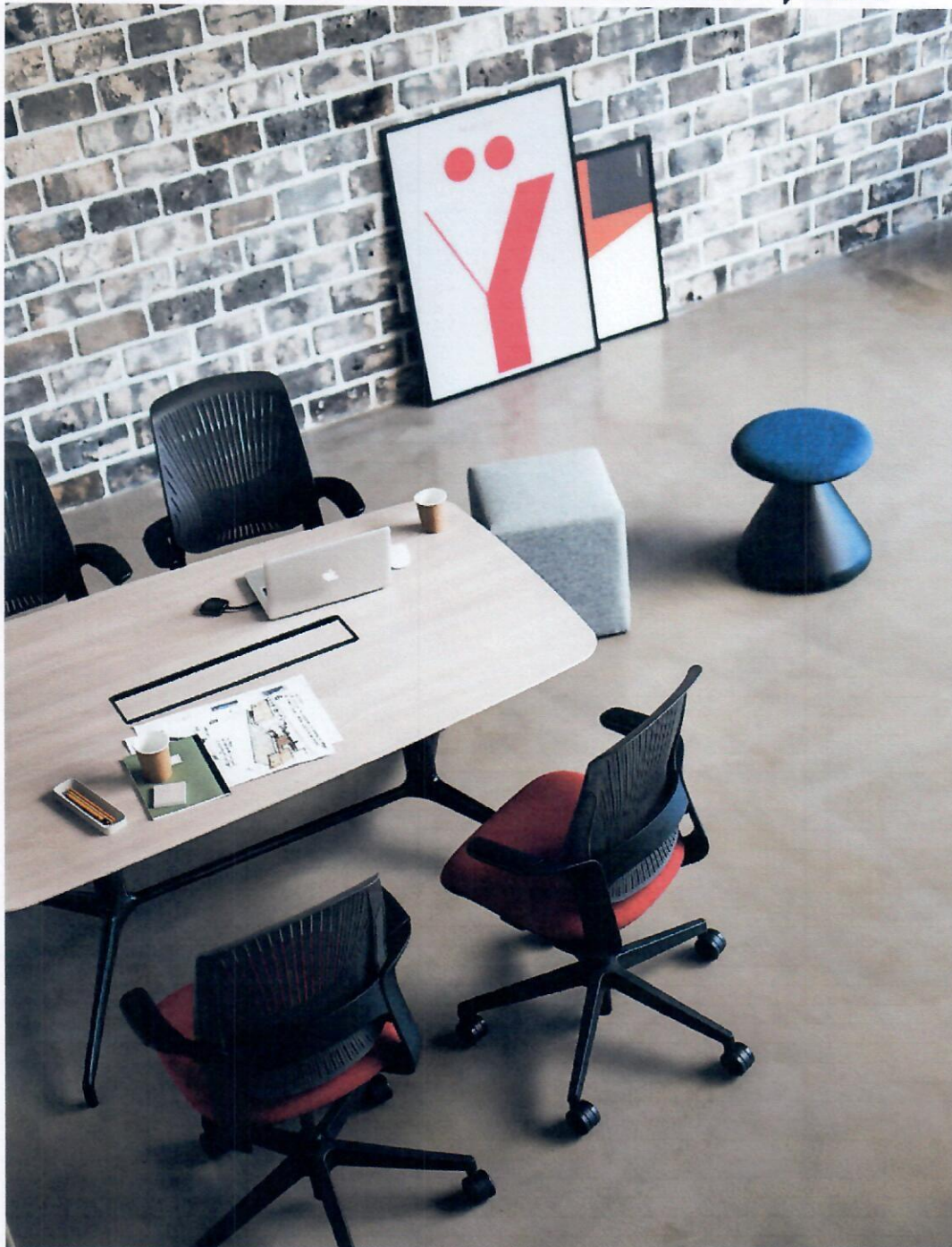


Agents for



Kingston: 23 Beechwood Avenue, Kingston 5, Jamaica, West Indies. Tel: (876) 926-5688, 926-2649 Fax: (876) 968-8200
Montego Bay: Unit #8, Fairview Office Park, Alice Eldermire Drive. Tel: (876) 953-6351 Fax: (876) 953-6386
Website: www.sosjm.com Email: mail@sosjm.com

UNAUDITED FINANCIAL STATEMENTS – 3rd QUARTER & 9 MONTHS ENDED SEPTEMBER 30TH, 2019





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**UNAUDITED FINANCIAL STATEMENTS FOR THE
3rd QUARTER & 9 MONTHS ENDED SEPTEMBER 30TH, 2019**

The Board of Directors of Stationery & Office Supplies Limited is pleased to present the unaudited results for the company for the 3RD quarter & 9 months ended September 30th, 2019.

To date, 2019 has been a satisfactory year for SOS with growth in all major aspects of the business. There has been a continuous increase in both revenues and gross profit while expenses have been kept at an acceptable increase of 11.5% over 2018, resulting in an increase in pre-tax profits of 24.5% over 2018. In addition, sales for the SEEK product line doubled, moving from \$31.5M - \$63.5M.

9 MONTHS ENDED SEPTEMBER 30TH, 2018 & 2019			
	2018	2019	% INCREASE
REVENUES	\$801,444,583	\$933,216,357	16.5%
EXPENSES	\$316,831,872	\$353,780,544	11.5%
GROSS PROFIT	\$406,116,372	\$466,175,041	15%
PRE-TAX PROFIT	\$91,635,930	\$114,006,837	24.5%
SEEK SALES	\$31,545,230	\$63,515,081	100%

The 3rd quarter of 2019 wasn't as good as the 3rd quarter 2018 as both the gross and pre-tax profits showed a decline. Overall there was a slight increase in revenue and the percentage increase in expenses for the quarter was less than the year to date average. Not with standing, SOS generated a pre-tax profit for the quarter of \$22.3M. During this period, sales of SEEK products increased from approximately \$25M to \$33M, a 30% increase during the back to school period.



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3 rd QUARTER RESULTS 2018 & 2019			
	2018	2019	% INCREASE
REVENUES	\$281,514,973	\$294,667,784	4.5%
EXPENSES	\$110,601,433	\$122,158,892	10.5%
GROSS PROFIT	\$145,809,408	\$144,018,926	-1.2%
PRE-TAX PROFIT	\$35,468,439	\$22,357,821	-37%
SEEK SALES	\$24,895,375	\$32,875,189	30%

FINANCIAL POSITION

At the end of the 3rd quarter, SOS increased its total assets by 5% (\$840M - \$888M). This growth was mainly due to an increase in inventory (\$207M - \$230.5M), and an 8% increase in trade and receivables (\$148M - \$159M).

Earnings per share for the 3rd quarter was \$.09, a decrease of \$.05 compared to the earnings per share for the 3rd quarter of 2018. The EPS for the year 2019 to date is \$.46 compared to \$.37 for the same period in 2018. The EPS figure of \$.46 realised at the end of the 3rd quarter has already surpassed the EPS of \$.37 for the entire year of 2018.

We wish to thank all our valued partners, customers and especially our shareholders for your continued support throughout the year.

David McDaniel
 Chairman of the Board & Managing Director

Marjorie McDaniel
 Chief Administrative officer & Company Secretary



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Agents for



SOS TOP 10 SHAREHOLDERS AS OF SEPTEMBER 30TH, 2019

#	<u>SHARE HOLDER</u>	<u>SHAREHOLDING</u>	<u>% SHARES ISSUED</u>
1	OUTLOOK LIMITED	200,096,400.	80
2	ANJANETTE MARIANNA MCDANIEL	5,513,293.	2.2
3	QWI INVESTMENTS LIMITED	4,064,181.	1.6
4	JNBS PENSION TRUSTEES NOMINEE LTD.	3,337,495.	1.3
5	JASON CARL CARBY	3,000,000.	1.2
6	KENDALL MARIE TODD	1,709,900.	0.7
7	MIRAH JESSICA LIM TODD	1,400,000.	0.6
8	MF & G ASSET MANAGEMENT LTD. - NCB CM UNIT TRUST SCHEME (JMD CARIBBEAN EQUITY PORTFOLIO)	1,192,373.	0.5
9	BRIDGETOWN MANAGEMENT SERVICES LTD	1,048,943.	0.4
10	DAVID ANTHONY STEPHENS	1,000,000.	0.4

DIRECTORS SHARE HOLDINGS AS OF SEPTEMBER 30TH, 2019

#	<u>DIRECTORS NAMES</u>	<u>SHAREHOLDING</u>	<u>CONNECTED PARTY</u>	<u>SHAREHOLDING</u>
1	DAVID MCDANIEL	NIL	OUTLOOK LTD	200,096,400.
2	MARJORIE MCDANIEL	NIL	OUTLOOK LTD	200,096,400.
3	ALLAN MCDANIEL	NIL		
4	KELLI MUSCHETT	NIL	OUTLOOK LTD	200,096,400.
5	STEPHEN TODD	NIL	OUTLOOK LTD	200,096,400.
6	KERRI TODD	NIL	OUTLOOK LTD	200,096,400.
7	ANTHONY BELL	NIL	-	
9	GARY HENDRICKSON	NIL	-	
10	R. EVAN D. THWAITES	28,165.	-	

SENIOR MANAGERS SHARE HOLDING AS OF SEPTEMBER 30TH, 2019

#	<u>SHARE HOLDER</u>	<u>SHAREHOLDING</u>	<u>% SHARES ISSUED</u>
1	DENISE MCINTOSH	295,650.	0.12

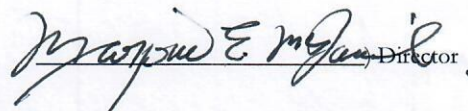
Stationery & Office Supplies Limited

Statement of financial position

September 30, 2019

	September 30, 2019 9 Months Unaudited	September 30, 2018 9 Months Unaudited	December 31, 2018 Audited
Assets	\$	\$	\$
Non-current assets			
Property, plant and equipment	376,381,620	389,439,930	389,502,671
Intangible assets	13,440,146	14,995,780	14,553,096
Investments	4,015,732	1,335,453	1,427,016
	<u>393,837,498</u>	<u>405,771,163</u>	<u>405,482,783</u>
Current assets			
Inventories	230,545,655	206,901,836	215,160,638
Trade and other receivables	159,001,566	148,011,884	150,241,459
Prepayments	16,338,622	29,720,395	28,982,472
Taxation recoverable	897,820	841,982	841,982
Bank and cash	87,474,047	48,673,345	52,625,987
	<u>494,257,710</u>	<u>434,149,442</u>	<u>447,852,538</u>
Total assets	<u>888,095,208</u>	<u>839,920,605</u>	<u>853,335,321</u>
Equity and liabilities			
Equity			
Share capital	88,151,214	88,151,214	88,151,214
Capital reserve	112,423,398	112,423,398	112,423,398
Retained profits	395,525,466	294,751,180	294,024,654
Total equity	<u>596,100,078</u>	<u>495,325,792</u>	<u>494,599,266</u>
Liabilities			
Non-current liabilities			
Borrowings	113,386,927	130,857,335	128,063,719
Other loans	52,586,289	55,846,031	52,227,886
Finance lease	0	862,507	205,707
Deferred tax liability	8,799,710	15,551,925	8,799,710
	<u>174,772,926</u>	<u>203,117,798</u>	<u>189,297,022</u>
Current liabilities			
Bank Overdraft	0	0	3,846,305
Trade and other payables	89,720,247	108,587,946	134,943,209
Owing to Directors	502,304	685,442	685,442
Current portion of borrowings	22,378,129	20,403,757	20,572,020
Current portion of other loans	3,471,344	3,206,855	3,039,692
Current portion of finance lease	1,150,180	8,593,015	6,352,365
	<u>117,222,204</u>	<u>141,477,015</u>	<u>169,439,033</u>
Total liabilities	<u>291,995,130</u>	<u>344,594,813</u>	<u>358,736,055</u>
Total equity and liabilities	<u>888,095,208</u>	<u>839,920,605</u>	<u>853,335,321</u>

 Director

 Director

Stationery & Office Supplies Limited

Statement of profit or loss and other comprehensive income

Period ended September 30, 2019

	Quarter to September 30, 2019 Unaudited	YTD September 30, 2019 Unaudited	Quarter to September 30, 2018 Unaudited	YTD September 30, 2018 Unaudited	Year End December 31, 2018 Audited
			\$		\$
Revenue	294,667,784	933,216,357	281,514,973	801,444,583	1,064,360,671
Cost of sales	(150,648,858)	(467,041,316)	(135,705,565)	(395,328,211)	(559,850,241)
Gross Profit	144,018,926	466,175,041	145,809,408	406,116,372	504,510,430
Other income	41,423	171,872	49,423	2,351,430	1,123,353
Administrative and general expenses	(84,769,413)	(242,378,550)	(76,898,265)	(219,273,252)	(294,316,318)
Selling and promotional costs	(22,411,709)	(70,739,399)	(20,130,672)	(64,576,862)	(88,627,558)
Gain / (Impairment loss) on financial assets	235,768	533,110		0	(143,176)
Depreciation amortisation & impairment	(8,620,915)	(25,572,642)	(8,158,015)	(19,917,462)	(24,294,167)
Operating profit	28,494,080	128,189,432	40,671,879	104,700,226	98,252,564
Finance income	15,368	806,315			305,734
(Loss) / gain on foreign exchange	(2,671,367)	(3,910,048)	(740,525)	(3,897,387)	(3,144,526)
Finance costs	(3,480,260)	(11,228,862)	(4,462,915)	(9,166,909)	(13,931,914)
Profit / (Loss) on disposal of property plant and equipment		150,000			3,499,001
Profit before tax	22,357,821	114,006,837	35,468,439	91,635,930	84,980,859
Income tax (expense) / credit	0	0	0	(60,000)	6,692,215
Profit for the period, total comprehensive income for the period / year	22,357,821	114,006,837	35,468,439	91,575,930	91,673,074
Basic earnings per share	<u>0.09</u>	<u>0.46</u>	<u>0.14</u>	<u>0.37</u>	<u>0.37</u>

Stationery & Office Supplies Limited

Statement of changes in equity

9 months ended September 30, 2019

	Share Capital \$	Capital Reserve \$	Retained Profits \$	Total \$
Balance at December 31, 2017.	88,151,214	112,423,398	213,180,070	413,754,682
Adjustment from the adoption of IFRS 9	0	0	(823,670)	(823,670)
Adjusted Balance at December 31, 2017	88,151,214	112,423,398	212,356,400	412,931,012
Transaction with owners:				
Dividend Paid	0	0	(10,004,820)	(10,004,820)
Profit for the year being total comprehensive income	0	0	91,673,074	91,673,074
Balance at December 31, 2018	88,151,214	112,423,398	294,024,654	494,599,266
Transaction with owners:				
Dividend Paid	0	0	(12,506,025)	(12,506,025)
Profit for the period being total comprehensive income	0	0	114,006,837	57,531,012
Balance Sep 30, 2019	88,151,214	112,423,398	395,525,466	539,624,253
Balance at December 31, 2017	88,151,214	112,423,398	213,180,070	413,754,682
Profit for the period being total				
Transaction with owners:				
Dividend Paid	0	0	(10,004,820)	(10,004,820)
Profit for the period being total comprehensive income	0	0	91,575,930	91,575,930
Balance September 30, 2018	88,151,214	112,423,398	294,751,180	495,325,792

Stationery & Office Supplies Limited
Statement of cash flows
9 months ended September 30, 2019

	September 30, 2019	September 30, 2018	December 31 2018
	Unaudited	Unaudited	Audited
	\$	\$	\$
Cash flows from operating activities:			
Profit before tax	114,006,837	91,635,930	84,980,859
Adjustments for:			
Depreciation amortisation impairment	25,572,642	19,917,462	28,342,717
(Profit)/ Loss on foreign exchange on foreign currency loans	3,107,366	3,758,043	1,287,819
(Profit) / Loss on disposal of property, plant and equipment	(150,000)	(2,207,834)	(3,499,001)
(Gain) / Loss on financial assets recognised in profit or loss	(533,110)	164,547	17,377
Interest income	(806,315)	(364,065)	(305,734)
Interest expense	11,228,862	9,166,909	13,914,537
	152,426,282	122,070,992	124,738,574
Decrease / (Increase) in inventories	(15,385,017)	(48,194,132)	(56,452,934)
(Increase) / Decrease in trade and other receivables	(8,780,107)	(17,338,142)	(20,391,387)
(Increase) / Decrease in prepayments	12,643,850	(1,533,551)	(795,628)
(Decrease) / increase in trade and other payables	(45,222,962)	23,495,049	49,850,312
(Decrease) / Increase in owing to Directors	(183,138)	272,249	272,249
Cash generated from operations	95,518,908	78,772,465	97,221,186
Interest paid	(11,228,862)	(9,166,909)	(13,914,537)
Income taxes paid	0	(594,802)	(649,179)
Net cash provided by operating activities	84,290,046	69,010,754	82,657,470
Cash flows from investing activities:			
Interest received net of withholding tax	750,477	364,065	300,111
Purchase of property, plant and equipment	(11,338,642)	(87,318,965)	(100,073,107)
Proceeds from sale of fixed assets.	150,000	3,090,000	9,090,000
Purchases of shares	(2,000,000)	0	(1,247,001)
Proceeds from disposal of shares	0	0	1,302,608
Purchase of intangible assets	0	(10,325,000)	(10,325,000)
Net cash used in investing activities	(12,438,165)	(94,189,900)	(100,952,389)
Cash flows from financing activities			
Dividends Paid	(12,506,025)	(10,004,820)	(10,004,820)
Proceeds from Borrowings	5,000,000	106,400,000	115,395,000
Dividends Received	0	4,428	0
Repayment of borrowings	(17,870,682)	(19,467,597)	(31,087,949)
Repayment of other loans	(2,372,917)	(1,579,481)	(2,834,568)
Repayment of finance lease	(5,407,892)	(9,792,618)	(12,690,068)
Net cash provided by financing activities	(33,157,516)	65,559,912	58,777,595
Net increase/(decrease) in cash and cash equivalents	38,694,365	40,380,766	40,482,676
Cash and cash equivalents at beginning of period	48,779,682	8,297,006	8,297,006
Cash and cash equivalents at end of period	87,474,047	48,677,772	48,779,682

Stationery & Office Supplies Limited
Notes to the Unaudited Financial Statements
September 30, 2019

1. Identification and activities

Stationery and Office Supplies Limited is a limited liability company incorporated under the Laws of Jamaica on July 23, 1965. The company became a subsidiary of Outlook Limited (see note 3) and is domiciled in Jamaica with registered offices located at 23 Beechwood Avenue, Kingston 5, Jamaica, West Indies.

The main activity of the company is the sale of office furniture, fixtures, stationery and other office supplies.

These financial statements are presented in Jamaica Dollars.

2. Articles Of Incorporation

At an Extraordinary General Meeting held on March 29, 2017 the company approved the adoption of new Articles of Incorporation to replace the existing Articles and Memorandum of Association; as is necessary for the transition to a public company. The Articles of Incorporation were amended in order to make them complaint with the requirements of a public company pursuant to the Companies Act of Jamaica, and to also make the Articles compliant with the requirements of a public listed company pursuant to the rules of the Junior Market of the Jamaica Stock Exchange.

3. Share Capital

Following a Directors Meeting and an Extraordinary General Meeting held on March 29, 2017 approval was given to restructure the share capital of the company. The authorised ordinary share capital moved from 2,000 shares without par value to 10,000,000 ordinary shares without par value. The Company's ordinary share capital was then sub divided with each ordinary share being divided into 50 ordinary shares. Under a scheme of reorganisation Outlook Limited were allotted 199,996,400 shares; the shares held by David & Marjorie McDaniel (100,000) were also transferred to Outlook Limited.

4. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared on the accruals and under the historical cost convention as modified by the revaluation of properties.

5. These unaudited financial financials are consistent with the accounting policies of the most recent Audited Financial Statements.

6. Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and managements best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

7. Dividends per Share
Dividend paid were as follows:

	<u>2019</u>	<u>2018</u>
.05 cents per stock unit (2018 .04 cents)	\$12,506,025	10,004,820